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SPEECH BY AMBASSADOR JAMES MORIARTY AT AMCHAM MONTHLY LUNCHEON

DHAKA, MAY 21 -- U.S. Ambassador James F. Moriarty made the following remarks at a monthly luncheon meeting of the American Chamber of Commerce in Bangladesh at Dhaka Sheraton Hotel today:

(Begin Text)

শুভ অপরাহ্ন। আশা করি আপনারা ভালো আছেন। আপনাদের মধ্যে আসতে পেরে আমি খুবই আনন্দিত।

Thank you Ershad and Gafur for your kind introduction. Greetings to you, members and guests of the American Chamber of Commerce in Bangladesh. I am extremely pleased to have this opportunity to speak to you on the occasion of my first AmCham lunch.

I am proud to represent the United States in this country. I admire the remarkable achievements of Bangladesh since its independence, and I have high hopes for this country's future. But this is a critical time for Bangladesh, a country in transition in a part of the world that is vital to U.S. interests, and much work remains to be done to enable Bangladesh to reach its full potential.

Since I arrived here last month I have stressed what I believe to be the three most important goals of our bilateral partnership, promoting democracy, ensuring development and denying space to terrorism. Bangladesh faces numerous obstacles acting against these goals, but there is one challenge that obstructs all three. That challenge is corruption, and that is what I would like to talk about today.

Corruption is the enemy of democracy, for it distorts the choices of the people and inhibits their self-determination. Corruption misplaces the benefits of development efforts, benefiting those who are least in need. When terrorists lose the support of the population, corruption allows them to purchase additional support. Corruption is a cancer eating away at the vital organs of the nation.

It has been estimated that corruption in Bangladesh costs the country between two and three percent of its GDP. This figure represents approximately two billion dollars every year. That is two billion dollars that cannot be used to fund schools. That is two

billion dollars that is not available to build infrastructure. That is two billion dollars that cannot be invested in power generation projects, or agricultural research, or health care.

Corruption is an endemic problem in Bangladesh. Transparency International has rated Bangladesh at the bottom of its annual Corruption Perceptions Index. While there has been some slight improvement in the last few years Bangladesh continues to rank very low.

I think that everyone in this room will agree that corruption is a bad thing. You all recognize that it is a drag on Bangladesh's economy and a deterrent to international trade and investment in Bangladesh. But some of you may have come to accept it as inevitable; a fact of life of doing business in this country, with no prospect that it will ever change. I urge you not to think that way. Overcoming corruption will certainly not be easy, but it can be done.

Bangladesh is not alone in its struggle with corruption. Every nation faces it, and some countries, including my own, have endured difficult times under corruption's grip. There was a time when corruption was rampant in the United States. Governments and businesses colluded on public procurement projects, and money intended for developing railroads ended up in politicians' and businessmen's pockets. Electoral fraud in local governments was common, and corruption at the national government level was not unknown. The economy suffered as investors incurred huge losses. In cities such as New York public services became shoddy, infrastructure crumbled and new infrastructure projects, such as the subway system, were delayed for years.

The vigorous efforts of the independent press to inform the public brought an end to endemic corruption in America. Public revulsion forced the political and business communities to clean up their act, which eventually led to a series of reforms and anti-corruption legislation.

In a more recent example, Hong Kong in the 1960s was widely regarded as one of the most corrupt cities in the world. Law enforcement agencies had cozy business relationships with organized crime groups. Extortion and graft were accepted as normal. In 1974 Hong Kong established the Independent Commission Against Corruption, or ICAC, which took a comprehensive approach in attacking corruption. At the time, no one believed the ICAC would ever succeed against such a formidable challenge. People made jokes about it. They said that ICAC stood for "I Can Accept Cash". They feared that the ICAC would become just another corrupt institution.

The ICAC adopted a three-pronged strategy of deterrence, prevention and education. Anti-corruption enforcement processes were made transparent, to both earn the public's trust and demonstrate the ICAC's effectiveness. Management experts reformed Hong Kong's public institutions, to ensure greater accountability and remove opportunities

for corrupt acts. Anti-corruption ethics were incorporated into school curricula, at all levels. Despite widespread skepticism, the ICAC managed, in a remarkably short time, to eradicate most forms of overt corruption in the government and to change public attitudes. In a recent public opinion survey, Hong Kong residents cited the establishment of the ICAC as one of the ten most significant events in their city's history.

If Bangladesh is to tackle corruption it will require a national consensus, among the government, the business community, the legal community and civil society – a commitment from all sectors of society to work together. No sector can effectively address corruption on its own; it must be a team effort. It should be the duty of every businessman, every politician and every civil society leader to do his or her part in the struggle against corruption.

The culture of impunity must be eradicated. People must be held accountable for their corrupt practices; otherwise there is no incentive to change. Past actions will need to be addressed, and the process for addressing those actions – whatever that process may be – should be fair and transparent. Anti-corruption efforts will not gain support from the public, unless the members of the public see for themselves how corruption is addressed, and understand the process.

There must be public support for anti-corruption efforts to be effective. The public needs to know the value of a corruption-free society. Some citizens see corruption as a normal and integral part of the economy, and not necessarily a bad thing. Paying a bribe is akin to paying taxes, and good citizens pay taxes. Education, therefore, is essential to the fight against corruption. A major factor behind the success of Hong Kong is that children, from a very young age, were taught about the dangers and injustices of corruption.

Citizens must also learn to respect the institutions charged with combating corruption. Enforcement procedures must be transparent, so that the public has no doubt about their effectiveness or the sincerity of their purpose. The people must see that these efforts are working. Ordinary citizens will then be empowered to participate in the struggle against corruption. Individuals who witness corrupt acts must be given the confidence to play their part in the struggle, without fear of retribution.

Civil service reform is critical to the fight against corruption, and that will require a substantial investment in human resources. Civil servants hold a powerful position in the economic and political life of the country, and yet many find it necessary to supplement their modest income in informal ways. Many public employees lack the training needed to carry out their responsibilities, so a special effort must be made to ensure that the appropriate individuals are included in training programs. Only a well paid and highly professional civil service corps is an effective barrier against corruption.

The legal environment has to be addressed. Anti-corruption legislation must be adequate and effective. At the same time, effective enforcement must be balanced with respect for human rights. Effective prosecution of corrupt offenders must go along with an effective protection of the innocent.

Bangladesh is a dynamic country with an enormously talented population. Potential investors know that and your trading partners know that. They have watched with interest the impressive growth of this country in the last twenty years. You all know what a valuable market Bangladesh could be – as an importer as well as an exporter. The constraints on Bangladesh's infrastructure and the circumstances of its geography present some serious challenges to potential exporters and investors, but it is corruption that really scares them. Corruption is the most serious obstacle to Bangladesh's meeting its full economic potential.

The struggle against corruption is a central feature of our bilateral relationship, and we will continue to engage with all sectors of society on this issue. USAID is implementing an anti-corruption program to support parliamentary oversight committees, the Office of the Comptroller and Auditor General, citizen advocacy and watchdog initiatives, legal reforms and investigative journalism.

As Bangladesh returns to an elected government, it is vital that recent reforms under the caretaker government are respected by the new leadership. I pray that the spirit of reform lives on into next year and beyond. I urge you all to continue to work with your leaders in finding new ways to transform this country into the best it can be.

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** As prepared for delivery*

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Note: A Bangla translation of this speech is also available at the American Center. If you are interested in the translation, please call the American Center Press Section, Tel: 8837150-4, Fax: 9885688; e-mail: DhakaPA@state.gov; Website: <http://dhaka.usembassy.gov>